

XSPEDIA CORP.

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REGULATORY AUTH.

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EXECUTIVE SECRETARY

July 17, 2000

337
Tennessee Regulatory Authority
Attention: Mr. David Waddell
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: XSPEDIA Corp. (Docket No. 00-00572)

Dear Mr. Waddell:


In response to your letter dated July 12, 2000, which requested additional information to assist in your consideration of XSPEDIA Corp.'s application for a Certificate of Public Convenience and Necessity, enclosed you will find thirteen (13) copies of the following filed on behalf of XSPEDIA Corp.:

- (1) Addendum of Requested Financial, Technical, and other Miscellaneous Information;
- (2) Addendum A- marked "Confidential" and filed under separate cover;
- (3) Addendum B; and
- (4) Addendum C.

Please add all information provided herein to XSPEDIA's file. Please accord the financial statements provided herein the same confidential treatment requested with the financial statements previously filed.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



Melanie Mulcahy
Assistant General Counsel

MMM/np

cc: Darrell Whitis

**CUSTOMER PROCESSING
CLEC CREDIT POLICY
RESIDENTIAL ACCOUNTS**

4/20/98

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A credit report will be completed by the Customer Processing Department on all New Customer Applications. All Existing Customer Applications will be evaluated by reviewing current customer account information. Our primary reporting agency is Trans Union and our secondary reporting agency is Equifax. We utilize the Spectrum Scoring Model on Trans Union reports and the Beacon Scoring Model on Equifax reports. These scoring models are analytical and statistical models that are highly predictive of customer paying habits. We will utilize these scores to determine application approvals and deposit levels as stated in this policy. This policy should be strictly adhered to at all times. The purpose of this policy is to give specific guidelines for the Credit Specialist to follow so that we maximize the addition of quality, low risk customers and minimize the addition of high risk customers who may become delinquent. This will allow us to properly control Bad Debt.

This policy will be reviewed quarterly by the Customer Processing Manager, Assistant Manager, and Team Leader. The Manager will monitor the account status monthly by reviewing the Credit Score Analysis Report. The Assistant Manager and Team leader will audit the Specialists for compliance on a monthly basis. They will randomly review eight accounts per month per Specialist.

New Customer Applications that have been approved will show the customer's credit score in the Credit Score field and the "credit limit" and "deposit" fields will be zeros.

New Customer Applications that require a Deposit will show the customer's credit score in the Credit Score field and the "Deposit" field will show the dollar amount of the deposit required. Customer Deposits will be held for 6 months, then returned to the customer by a credit to their account.

Existing Customer applications that are approved will show the score of "123" and the "credit limit" And "deposit" fields will be zeros.

Existing Customer applications that require a Deposit will show a score of "123" and the "Deposit" Field will show the dollar amount of the deposit required.

NEW CUSTOMER - INDIVIDUAL - TRANS UNION - SPECTRUM SCORECARD

560 and above	approved
37 - 559	\$150.00 deposit

NEW CUSTOMER - INDIVIDUAL - EQUIFAX - BEACON SCORECARD

600 and above	approved
400 - 599	\$150.00 deposit

*****For any customer that shows a collection to South Central Bell or any other telecommunication company, the required deposit will be equal to the amount of the collection item.*****
ddasch
Page 1
7/14/2000

NEW CUSTOMER - INDIVIDUAL - NO SCORE

Review all information carefully--could be possible subscription fraud. If suspicious of fraud, require copies of ID, driver's license, and social security card, and call to verify home and work numbers. If the account appears to be legitimate, and there is no credit file, no credit history, or insufficient credit history, a deposit of \$150.00 is required. (there are no guarantors on CLEC)

This customer may supply us with credit references that we will call to verify. We need three credit references where the credit has been established for at least six months. We will call and verify:

1. Opening date of the account
2. High credit amount
3. Payment history

If all three references have a good rating, the account can be approved. If there are any negative ratings, the account will need a deposit of \$150.00.

EXISTING CUSTOMERS - RESIDENTIAL

We will evaluate existing customers based on the following criteria:

1. Length of service
2. Credit Score
3. Payment history

Customers who have been with us for more than six months:

Review payment history and if they pay on time and are not past due, it can be approved.

If the account pays well, but it is past due, the customer must pay and get current. Then the additional phone can be approved.

If the customer habitually pays late, skips payments for 2 or 3 months, and is often Hotlined, he will need a deposit to add a phone. The deposit will be \$150.00 if the average balance on the account is less than \$150.00. If the average balance is greater than \$150.00, then the deposit will be equivalent to the average balance on the account.

Customers who have been with us six months or less:

Review their Credit Score and payment history.

Customer with high credit scores above 560, with good payment history, and not past due, can be approved.

Customers with high credit scores above 560, with poor payment history, will need a deposit.

The deposit amount will be determined by their average balance as stated above.

Customers who are past due will need to get current and will need a deposit. The deposit amount will be determined by their average balance as stated above.

Customers with low credit scores of 559 and under, will need a deposit. The deposit amount will be determined by their average balance as stated above.

Xspedia Corp.

100%

LEC Unwired, LLC

XSPEDIA Corp.
ADDENDUM B

CORPORATE STRUCTURE

**CUSTOMER PROCESSING
CLEC CREDIT POLICY
BUSINESS ACCOUNTS
Revised 1/24/00**

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OFFICE OF THE
EXECUTIVE SECRETARY

NEW BUSINESS APPLICATION REQUIREMENTS

A credit application must be completed on all New Business customers. The Sales Person is responsible for obtaining all required information for the application. A physical address and billing address are both required on all business applications. It is important to accurately style and spell the exact name of the Business. You should use abbreviations as little as possible unless they are actually part of the business name. All required information on a Business application is listed below. **Incomplete Applications Will Not Be Processed.**

Company Name

Contact Name

Billing Address (street address or box, city, state, zip)

Physical Address (only street address, city, state, zip)

Home phone number (enter the local business number, not pagers or cellular #'s)

Work phone number (enter the corporate headquarters business number, if applicable)

References are no longer required

Name of Person purchasing phones/signing contracts—enter this in the 1st reference field

Corporate Headquarters State/Phone # -- enter this in the 2nd reference field, if applicable

List the services being purchased—enter these in the 3rd reference field

List the Total Monthly Recurring Revenue—enter total amount in the 4th reference field

We now have the capability to obtain Dun & Bradstreet Credit Reports for business accounts. We will make our credit decision by reviewing the credit information on the D&B Credit Report. There are no more special "exemptions" and no more automatic approvals by Regional Directors or Store Managers. The D&B Credit Report can be retrieved within a matter of minutes, if we have the correct company name and correct company address. If company names do not match or addresses do not match, then further research may be necessary to determine that we have the appropriate credit report. In most all cases, we should be able to obtain a D&B Credit Report. If there is no D&B report, then this usually indicates that the business is fairly new or it may indicate that this is possible fraud. If it is determined that the business is fairly new and there are no credit ratings, then the account will need deposits or prepay. If there is an indication of possible fraud, then further research will be done by Customer Processing to try to validate the authenticity of the Business. A Business that cannot be validated as an authentic Business will be declined.

If it is determined that the Business is authentic and that they are not a new business, then Customer Processing may decide to manually call references to get a manual credit rating. Customer Processing will call the Sales Person and have them obtain three references from the customer. The customer must give us the name of the reference and the phone number. Do not take utility companies, phone companies, or credit card companies as Business references. These companies will not give credit ratings to us.

If they give a Bank as a reference, then we need the account number and the customer's signature to fax to the Bank. Banks require that we fax the credit request to them and it must have the customer's signature on it. Obtaining manual credit ratings may take up to two days.

It will be the responsibility of the Customer Processing Department to verify that the Purchasing Person is authorized to purchase phones or services in the company name. We will call the Business or Corporate Headquarters and talk with a Vice President or above to verify that this Person is authorized. For applications requesting a high number of phones or services, we may require that the Business fax us a letter stating that this Person is authorized. The account will not be released for activation until we have appropriate authorization. If the Purchasing Person is not authorized to purchase phones or services in the company name, the Sales Person will be notified and the application cannot be processed.

NEW BUSINESS CREDIT POLICY

If this is a new business that has not been in existence for at least one year and we cannot find a D&B Credit Report, the account will need a deposit. The Deposit will be an amount equal to The Total Monthly Recurring Revenue amount. The Credit Score for "deposit required" is 900. The dollar amount of the Deposit will be shown in the "deposit field".

If the D&B Credit Report shows low risk, D&B Rating of 1 or 2, and a Paydex Score above 75, then the account can be approved for Clec services. The amount of services allowed will be determined by the strength of the business related to the years in business, high credit amounts, Sales amounts, and Income amounts as shown on the D&B Credit Report. The Credit Score for this category will be 999. The Credit Limit field will show the dollar amount for which the business has been approved. This dollar amount is the limit allowed for their Total Monthly Recurring Revenue. Services can be activated up to this limit only. For this credit category, the Credit Limits can begin at \$5,000.00 and go higher, dependent upon the strength of the company.

If the D&B Credit Report shows average risk, D&B Rating of 3, and Paydex Score of 65-75, then the account can be approved for Clec services, but limited to less than \$5,000.00 Total Monthly Recurring Revenue. The Credit Score for this category will be a 995 and the Credit Limit will be \$5,000.00 or less, dependent upon the strength of the company related to the years in business, high credit amounts, Sales, and Income as shown on the D&B Credit Report. The Credit Limit is the limit allowed for their Total Monthly Recurring Revenue. Services can be activated up to this limit only.

If the D&B Credit Report shows high risk, D&B Rating of 4 or other limited ratings, and Paydex Score is less than 65, then the account will need a deposit. The Deposit will be an amount equal to the Total Monthly Recurring Revenue amount. The Credit Score for "deposit required" is 900. The dollar amount of the Deposit will be shown in the "deposit field".

DEPOSIT POLICY

If a Deposit is required, a 900 Credit Score is entered and the deposit required will be entered in the Deposit Field on the application receipt. The Deposit will be equal to one month of Total Monthly Recurring Revenue. Deposits must be collected before the services can be activated.

The deposit check will be given to Customer Processing.

Customer Processing will be responsible for delivering the check to Data Entry to be entered as a deposit. Deposits are held for six months then they are credited back to the account. No interest is paid on deposits. Once the account has been established, the Deposit amount can be viewed on the Master Subscriber record on the GUI screens and AS400 Green Screens.

ACTIVATION OF SERVICES

Once the Provisioning Department receives the credit decision and credit score, then they will follow their normal Activation process and activate all requested services **according to the Credit Score, Credit Limit, and Deposit limitations.**

For Example: If the Credit Score is 999 and the Credit Limit is \$12,000.00, then Provisioning can only activate services up to \$12,000.00. If any additional services are activated over the credit limit, the additional services will be disconnected upon review by Customer Processing.

For Example: If the Credit Score is 995 and the Credit Limit is \$2,000.00, then Provisioning can only activate services up to \$2,000.00. If any additional services are activated over the Credit limit, the additional services will be disconnected upon review by Customer Processing.

For Example: If the Credit Score is 900 and a Deposit required is \$4,000.00, then once the Deposit has been received, Provisioning can only activate services up to \$4,000.00. If any additional services are activated over the Deposit amount, the additional services will be disconnected upon review by Customer Processing.

Provisioning or the Sales Person can only activate services that have been approved by Customer Processing as indicated by score, credit limit or deposit amount. If any additional services are activated, they will be disconnected upon review by Customer Processing. Provisioning will be notified so that the Sales Person can contact the customer to notify them that the services have been disconnected. Violations of this Policy will result in Churn and possible losses.

EXISTING BUSINESS CUSTOMERS (Add-to-existing applications)

All existing business customer applications will be evaluated by reviewing current customer account information. Applications are entered by using the Add-to-Existing customer screens on the Store Credit Entry System. The customer's account information will automatically appear on the screen. References will not be needed. In the 1st Reference Field you will need to enter the name of the person purchasing/signing for the services. Customer Processing will follow the procedures as stated in the "New Customer" section to verify that the purchasing person is authorized to purchase services for the business. In the 2nd Reference Field you will list the new services being purchased on this new application. In the 3rd Reference Field, you will enter the new Total Monthly Recurring Revenue for this new application.

We will evaluate the existing account based on (1) length of service, (2) Credit Score, (3) Credit Limit, (4) Deposit requirements, (5) payment history, and (6) D&B ratings. Add-to-existing scores will always be "123" indicating an add-to-existing application. The Credit Limit and Deposit fields will indicate if the application was approved or needed a deposit or if a change in the Credit Limit occurred. If an application was "approved" the score will be "123" and the deposit and credit limit fields will be zeros. If the application needs a deposit, the score will be "123" and the deposit amount required will be seen in the deposit field. If the application has been approved and the Credit Limit has been increased, then the score will be "123" and the new Credit Limit amount will be seen in the Credit Limit field.

On all Add-to-Existing applications, there is the possibility that the account can go past due during the span from approval to installation into Billing. Provisioning should call Customer Processing during the provisioning period to verify that the account is current and not past Due. If the account goes past due during the provisioning period, Customer Processing will Notify Customer Assistance to call the customer to discuss payment. Payment must be made before the provisioning process can continue. At any time during this provisioning period, the account may be suspended for non-payment. Customer Assistance will notify Provisioning if the account is suspended for non-payment.

If the account originally needed a Deposit, then they will need a deposit to add more services.
The application will be scored with a "123" score and the Deposit amount will be entered into the deposit field and will be equal to the amount of the new Total Monthly Recurring Revenue being added. They will also have to pay any past due amounts before they can add the new services.

If the account was originally approved with a Credit Limit and they have been paying on time, and they are not past due, they can be approved to add services up to the Original Credit Limit and the score on the application will be a "123" and the deposit and credit limit fields will be zeros.

If the account was originally approved with a Credit Limit and they have been paying on time and they are not past due, but the business is requesting services that will go above the Original Credit Limit amount, then a current D&B report will be pulled and reviewed to determine if the Credit Limit can be raised. If they qualify for a Credit Limit increase, then they will be approved to add the new services and the score will be "123" and the new Credit Limit amount will be entered in the Credit Limit field on the application. The Credit Specialist must change the Credit Limit Amount on the Master Subscriber account also. If they do not qualify for a Credit Limit increase, then they

would need a deposit to add new services. The score on the application will be "123" and the deposit amount will be entered into the deposit field and will be equal to the amount of the new Total Monthly Recurring Revenue that is above their set limit. (For example: if their Credit Limit is \$6,000.00 and it cannot be increased, and if their current monthly recurring Revenue is \$5,000.00 and they are requesting to add new services of \$3,000.00, then they would need a deposit of \$2,000.00 to add the new services.) In this case, the original credit score would remain the same on the Master Subscriber account and the original credit limit would remain the same on the Master Subscriber account.

If the account was originally approved with a Credit Limit and the account pays consistently each month, but pays 30 days past due each month, and is only 30 days past due, it can be approved to add more services up to the Original Credit Limit. They must first pay the past due amount, before the services can be added. Once the past due amount has been paid, the application will be scored with a "123" score and the deposit and credit limit fields on the application will be zeros. **If this business is requesting services that will go above their set Credit Limit, then they will need a deposit** to add services. The score on the application will be "123" and the deposit amount will be entered into the deposit field and will be equal to the amount of the new Total Monthly Recurring Revenue that is above their set credit limit. (same as example above)

If the account was originally approved with a Credit Limit and the account consistently pays 60 or 90 days past due, then they must pay the 60/90 balance and a Deposit will be required to add new services, even if they have not reached their Credit Limit. The application will be scored with a "123" and the deposit amount will be entered into the deposit field and will be equal to the amount of the new Total Monthly Recurring Revenue. The Credit Specialist will change the Credit Score on the Master Subscriber account to a 900 score indicating deposit required. The Credit Specialist will change the Credit Limit on the Master Subscriber account to "zeros". These accounts will no longer have a Credit Limit due to their poor payment history with USU. The Credit Specialist will enter into the "Remarks" system that the account has been changed from a Credit Limit to a Deposit Required and that the score has been changed.

XSPEDIA Corp.'s
Addendum of Requested Financial, Technical,
and other Miscellaneous Information

Financial Requirements:

- (1) Three-year projected financial statements of XSPEDIA Corp., which are marked "Confidential" and filed under separate cover, which statements are to be added to XSPEDIA's previously filed Confidential financial statements- SEE ADDENDUM A.
- (2) Statement declaring XSPEDIA's intent to abide by TCA 65-4-125:
XSPEDIA Corp. intends to abide by TCA 65-4-125. XSPEDIA has taken steps to provide a corporate surety bond to secure the payment of any monetary sanction imposed by the Tennessee Regulatory Authority. As soon as this process is completed, the bond certificate will be forwarded to the TRA.

Technical Requirements:


- (1) Type of equipment to be deployed:
XSPEDIA intends to deploy a Lucent 5ESS switch. Fiber Rings will be leased from ILECs or CAPs.
- (2) Customer Provided Equipment (CPE) requirement statement:
To the best of XSPEDIA's knowledge, there are no special Customer Provided Equipment (CPE) requirements that would not be compatible with an incumbent carrier.

Miscellaneous Requirements:

- (1) Chart showing XSPEDIA's corporate structure- SEE ADDENDUM B.
- (2) Customer Deposit Policy- SEE ADDENDUM C.
XSPEDIA is not currently bonded for customer deposits.

Respectfully submitted this 17th day of July, 2000.

Respectfully submitted,
XSPEDIA Corp.



Rob Sauser
Vice President/ General Manager
XSPEDIA Corp.
One Lakeshore Drive, Suite 1495
Lake Charles, LA 70629